



Health Services
LOS ANGELES COUNTY

October 10, 2006

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavy
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AGREEMENT WITH PER-SE TECHNOLOGIES FOR OPERATING
ROOM SCHEDULING OFFICE SYSTEM**
(All Districts) (3 Votes)

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Senior Medical Officer

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through leadership,
service and education.*

**CIO RECOMMENDATION: APPROVE ☒ APPROVE WITH
MODIFICATIONS [] DISAPPROVE []**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign an agreement, substantially similar to Exhibit I, with PST Products, LLC, dba Per-Se Technologies, for the provision of the Operating Room Scheduling Office System (ORSOS) software implementation, upgrade, software maintenance and support, modifications, consulting services, optional professional services as well as acquisition of third party software to supplement the functionality of the upgraded system. The agreement's maximum County obligation is \$4,801,252, including any sales tax, if applicable, from the date of the Board approval through August 31, 2011, with the option for the Director of Health Services to extend the agreement for three (3) additional one (1) year terms.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION(S):

In approving this recommended action, the Board is authorizing the Director of Health Services, or his designee, to sign an agreement to upgrade ORSOS to a new version and database platform at Harbor-UCLA (HUMC), Martin Luther King, Jr./Drew Medical Center (KDMC) and Rancho Los Amigos National Rehabilitation Center (RLANRC) and to implement ORSOS at Los Angeles County + University of Southern California Medical Center (LAC+USCMC) and Olive View-UCLA Medical Center (OVUMC). For each of these five Department



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of Health Services (DHS) medical centers, the agreement provides for software implementation services, upgrade, software maintenance and support, consulting services, optional professional services as well as acquisition of third party software to supplement the functionality of the upgraded system. The goal of the Department is to standardize the operating rooms' software application systems at the five DHS medical facilities.

DHS is implementing the upgraded version of ORSOS at the five DHS medical centers to accomplish the following objectives: 1) to provide the ability to standardize the software used by the facilities for operating room (OR) scheduling and inventory management, 2) to comply with the Health Insurance Portability and Accountability Act (HIPAA) Security Rules, 3) to support operational efforts to improve OR throughout the facilities with up-to-date scheduling practices, and 4) to improve overall productivity of a fully integrated and automated system.

Implementation of Strategic Plan Goals

The recommended action is consistent with the County Strategic Plan Goal 3: Organizational Effectiveness as this project seeks to improve the efficiency and effectiveness of the Operating Rooms within the Department. This project is also consistent with County Strategic Plan Goal 4: Fiscal Responsibility as the project seeks to improve the management of Operating Room services.

The recommended action is also consistent with the Department's Strategic Plan for a five-year implementation of Plan Objective No. 6 "Increase Information Systems and Telecommunication Efficiencies". This project is identified in the current Health Services Administration – Information Resources Management Business Automation Plan, also known as BAP.

This action meets both County and DHS' strategic goals by improving the health care provided by DHS and enhancing the health of the residents of Los Angeles County.

FISCAL IMPACT/FINANCING:

The maximum County obligation for this agreement is \$4,801,252 for HUMC, LAC+USCMC, KDMC, OVUMC and RLANRC.

Included in the maximum County obligation is approximately \$108,000 reserved for sales tax. Funds are only payable to the contractor in the event legislation requiring taxation of electronically delivered software and maintenance becomes effective during the term of this agreement.

Funding for this Agreement is included in the Fiscal Year 2006-07 Health Services Administration Adopted Budget and will be requested as a continuing appropriation in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On March 8, 1994, The County's Purchasing Agent approved Agreement No. 55325 with Per-Se Technologies (Per-Se), previously known as Atwork, for the acquisition of a perpetual no-fee site license for ORSOS "Pervasive" platform and system maintenance for five medical facilities. Both LAC+USCMC and OVUMC (new facilities) opted not to make use of Agreement No. 55325 at the time.

While ORSOS has been maintained in accordance with Agreement No. 55325 at each of HUMC, KDMC and RLANRC (existing facilities), LAC+USCMC developed its own surgery scheduling system, and OVUMC has been using the Sigma Surgery Scheduling System. Both of these systems lack the enhanced tools and functionality that ORSOS can provide and are not HIPAA compliant. Since High Desert Health System (High Desert) patients are referred to OVUMC or Antelope Valley Hospital for surgical procedures, ORSOS will not be installed at High Desert. Under the proposed agreement, the legacy systems at the LAC+USCMC and OVUMC will be replaced by ORSOS.

As part of the proposed agreement, ORSOS will be migrated from the current "Pervasive" platform to a relational database management system Oracle platform at the three existing facilities and implemented anew at the two new facilities. The system will have field level security, a full audit trail and automatic logout of idle workstations and will be HIPAA and Joint Commission on Accreditation of Healthcare Organizations (JCAHO) compliant.

To meet the upgraded ORSOS hardware requirements, the system hardware is also being upgraded. The Internal Services Department issued a Purchase Order (PO) Agreement Number S40514 for \$309,032 for the procurement of two new servers for each of the five medical centers, for a total of ten, and corresponding maintenance.

The upgrade and/or implementation activities at each medical center will be entered and tracked in the Information Technology Tracking System.

This agreement provides for the acquisition of services and technical expertise which DHS does not possess for a project of this complexity in-house. Under the proposed agreement, in addition to the ORSOS software, Per-Se will provide professional services to effectuate system upgrade, migration, installation, interface implementation, software maintenance, training, project management and technical support services at the five DHS medical facilities for the initial term commencing upon Board approval and through August 31, 2011, and, at County's option, for up to three (3) years thereafter.

The agreement includes "Pool Dollars" to fund the provision of optional post-implementation work, including application modifications, consisting of interfaces, application customizations and additional software, and professional services, consisting of additional training and consulting services to cover future troubleshooting, etc.

Although this agreement is close to the Board's monetary threshold for outside counsel review, given the existing contractual relationship with Per-Se and the fact that the bulk of the contract sum comes from the maintenance and support services for an application licensed under an existing PO, outside counsel was not engaged for this agreement.

The agreement includes the latest Board mandated provisions, including Business Associate obligations under HIPAA and Compliance with Jury Service Program and the Safely Surrendered Baby, as well as all of County's Information Technology (IT) agreement standard terms and conditions, including intellectual property indemnification, warranties, credits assessment for Per-Se's failure to timely deliver its work or correct deficiencies and payment withholds. The agreement's insurance and indemnification terms, including a negotiated limitation of remedies and liability provision limiting either party's liability up to the greater of the applicable insurance limits or the fees paid to Per-Se under the proposed agreement, received concurrence from the Chief Administrative Office, Risk Management Operations.

The Chief Information Officer concurs with the Department's recommendation.

County Counsel has approved the attached agreement (Exhibit I) as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

Per-Se has been contracted for the provision of ORSOS at the five (5) DHS medical centers, and has been the sole source provider of the Operating Room Scheduling Office System and related services at the three (3) of the five (5) medical facilities.

To ensure operating room system standardization across the DHS medical centers and system maintenance continuity and due to the proprietary and confidential nature of ORSOS, Per-Se is the best candidate for performing the services described in the agreement.

DHS did not advertise the proposed agreement on the Office of Small Business' Countywide web site as a contracting opportunity, since the agreement is for the continued provision of services, requiring specialized knowledge of proprietary software, which the current contractor is uniquely qualified to perform.

A sole source letter is on file with the Department.


IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the agreement will allow the Department to provide a standardized reporting system, cross train physicians, nurses and all ancillary personnel on the use of ORSOS. The system integration will fully automate the operating room system and improve overall productivity.

CONCLUSION

When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,

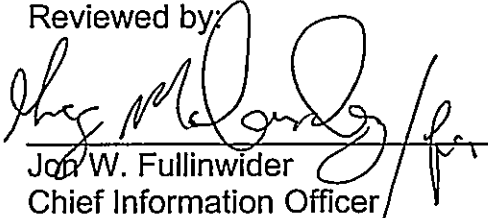


Bruce A. Chernof, M. D.
Director and Chief Medical Officer

BAC: ar

Attachments

Reviewed by:



Jon W. Fullinwider
Chief Information Officer

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Chief Information Officer
Information System Commission
Director of Internal Services

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

PST Products, LLC, dba Per-Se Technologies will provide technical professional services to effectuate system upgrade, migration, installation, interface implementation, software maintenance, training, project management and technical support services for the Operating Room Scheduling Office System (ORSOS) at Harbor-UCLA Medical Center, Los Angeles County + University of Southern California Medical Center, Martin Luther King, Jr. /Drew Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center.

2. AGENCY ADDRESS AND CONTACT PERSON:

PST Products, LLC
dba Per-Se Technologies
Kristian Stauffer
300 West Morgan Street, Suite 175
Durham, NC 27701
Facsimile: (919)564-2184
Electronic mail: kristian.stauffer@per-se.com

3. TERM:

Effective upon the date of Board of Supervisors' approval through August 31, 2011.

4. FINANCIAL INFORMATION:

The Agreement is for \$4,801,252. Funding is included in the Department Fiscal Year 2006-07 Adopted Budget and will be requested as a continuing appropriation in future fiscal years.

5. PRIMARY GEOGRAPHIC AREA TO BE SERVED:

All Districts

6. DESIGNATED ACCOUNTABLE FOR PROGRAM EVALUATION:

Kathy McAdam, Project Director

7. APPROVALS:

Program Director:	Kathy McAdam
Contracts and Grants:	Cara O'Neill, Chief
County Counsel (approval as to form):	Victoria Mansourian, Deputy County Counsel

CIO ANALYSIS

AGREEMENT WITH PER-SE TECHNOLOGIES FOR OPERATING ROOM SCHEDULING OFFICE SYSTEM (All Districts) (3-Votes)

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☐ Contract Amendment ☐ Contract Extension
☒ Sole Source Contract ☐ Hardware Acquisition ☐ Other

New/Revised Contract Term: Base Term: 5 Yrs # of Option Yrs 3

Contract Components:

☒ Software ☐ Hardware ☒ Telecommunications
☒ Professional Services

Project Executive Sponsor: Paul Fu, Jr., M.D., MPH

Budget Information :

Y-T-D Contract Expenditures	\$
Requested Contract Amount	\$ 4,801,252
Aggregate Contract Amount	\$ 4,801,252

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards? This project expands and existing application which pre-dates the development of the preferred technology solutions. The system operates on a Sun Microsystems platform.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

The Board is being requested to delegate authority to the Director of Health Services or his designee to execute an agreement with Per-Se Technologies (PST) to provide Operating Room Scheduling Office System (ORSOS) software maintenance and professional services to upgrade the software to a new version and database platform at Harbor-UCLA (HUMC), Martin Luther King, Jr./Drew Medical Center (KDMC), and Rancho Los Amigos National Rehabilitation Center (RLANRC) and; to implement ORSOS at Los Angeles County + University of Southern California Medical Center (LAC+USCMC) and Olive View-UCLA Medical Center (OVUMC). The professional services also include ORSOS support services for all five Department of Health Services' (DHS) facilities. The Agreement also provides options to acquire services to perform application software customizations, consulting services or additional software products.

The goal of the Department is to use a common operating room software application at the five DHS medical facilities, thereby providing the same operating room (OR) scheduling and inventory management capability at each facility.

DHS is upgrading to the ORSOS/One-Call system to accomplish the following objectives: 1) provide the ability to standardize software used by the facilities' to manage OR scheduling and inventory management systems; 2) comply with the Health Insurance Portability and Accountability Act (HIPAA) Security Rules; 3) support clinical and operational efforts to improve OR throughput with improved scheduling practices; 4) cross train the physicians, nurses and other ancillary staff; and 5) improve the overall productivity provided by a fully integrated and automated system.

Background:

The DHS implemented and has been using the ORSOS for more than a decade in three of its five medical centers. The OV-UCLAMC has been using a commercial software product that is no longer supported by the vendor who originally provided the software. LAC+USCMC is currently using an internally developed application for OR scheduling. Implementation of a common system will provide a consistent tool of the management of OR services in each medical center. This will improve the Department's ability to collect comparative data and pursue the development of "best practices" and procedures in each facility.

The three (3) facilities currently using ORSOS are using an older version of the software. Services provided under this agreement will provide them with project management services as well as technical services to upgrade to the current version of the software and to migrate the existing data to the new hardware and software version. OV-UCLAMC and LAC+USCMC will utilize the project management and implementation services acquired under this agreement. OV-UCLAMC's and LAC+USCMC's current OR scheduling data cannot be converted to the new system. DHS indicates that they lack sufficient technical and project management resources to support this application and they are including optional services to address this ongoing need.

Project Justification/Benefits:

The upgrade of the ORSOS software in the facilities where it is currently used and the implementation of the product at OV-UCLAMC and LAC-USCMC allows DHS to begin implementing automated schedules and procedures that will increase the number of surgeries performed in their operating rooms per day. Improvements in this area will increase patient satisfaction (reducing the number of times scheduled surgeries are delayed) and reduce costs related to un-reimbursed patient days due to delayed surgeries.

Your Board's approval of this agreement will also allow OV-UCLAMC to begin replacement of their current OR scheduling application. OV-UCLAMC's current scheduling system was acquired as a commercial product, but the software vendor discontinued development and support for the application more than seven (7) years ago and the hardware platform (server and operating system) are no longer maintained by their manufacturer.

Project Metrics:

The metrics that are the best barometer of DHS' success in achieving their initial objectives will be the acceptance and use of the scheduling system by the clinical staff. This can be evaluated by comparing the number of scheduled surgeries against emergency surgeries. There should be an increase in the number of surgeries scheduled. They can also track the number of surgeries managed in the system against the total surgeries performed. Over the months following the implementation of the system, DHS should also see an increase in the number of surgeries performed (improved utilization) and a reduction in the number of canceled surgeries and related Medi-Cal denied days related to delayed surgeries.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:

Approval of this agreement and successful implementation of the system at each DHS medical center will improve the delivery of inpatient and same day surgeries in each facility. The effective use of the scheduling and inventory management function of the software will reduce cancelled surgeries due to overlaps in surgeries, lack of required instruments, etc. The improved use of scheduling will also allow the facilities to improve the number of surgeries performed in each OR thereby improving or shortening the lead required for non-emergent surgery.

Alternatives Considered:

The Department's goal to have each facility using a common software product for OR scheduling and their prior investment in software licenses for each medical facility, required that they use Per-Se for the desired services. The ORSOS software is a proprietary product of Per-Se and they are best positioned to provide the upgrade, implementation and support services acquired under this agreement.

Project Risks:

The scope of this project poses some risks. The contractor and DHS must jointly agree to a project plan that can be supported by both parties. DHS has indicated that they have limited project management and technical resources available to support this project and have, therefore, expanded the services acquired under this agreement to address this shortage.

Risk Mitigation Measures:

The contract has a well defined Statement of Work which is based on tasks and deliverables that apply to each medical center. The Agreement also requires the contractor to provide two (2) Facility Project Managers to ensure close management and timely reporting on the projects. The first tasks under the Agreement require the development, and County acceptance, of an "Implementation Solution", a system design document and detail project plan for each County facility. These deliverables will allow the Department to assess the progress of the project based on successful and timely completion of the deliverables and project milestones.

The Agreement also requires the contractor to provide two (2) "Facility Project Managers" that will take broader responsibility than usual in managing the overall project, the completion of a business process assessment, and reporting to the established steering committee at each medical center.

Financial Analysis:

The contract maximum over the term of the agreement is \$4,801,252. The contract maximum is comprised of \$1,065,841 in implementation services for the five (5) DHS medical centers. Software maintenance over the term of the agreement, including the optional three (3) one-year extensions, totals \$1,627,754. There are no maintenance charges for the first year (execution through August 31, 2007).

The agreement also includes two (2) years of professional services payments of \$125,000 per quarter for two (2) Contractor's Facility Project Managers; plus an optional year with payments not to exceed \$500,000. The maximum expenditures for the project management services is \$1,500,000.

The agreement also includes a Pool Dollar amount of \$500,000 which can be used over the term of the agreement to purchase additional software, consulting services, custom modifications and training, identified in the agreement.

Based on the report of pending legislation within the State of California, \$107,657 has been included in the contract maximum to cover sales tax if during the term of the agreement the County is required to pay tax on electronically delivered software.

CIO Concerns:

None.

CIO Recommendations:

Based on our review of the Agreement and Board letter, we recommend Board approval of the proposed action.

CIO APPROVAL

Date Received: September 14, 2006

Prepared by: Jonathan E. Williams, Jr.

Date:

9/28/2006

Approved:

[Signature]

Date:

9/28/2006